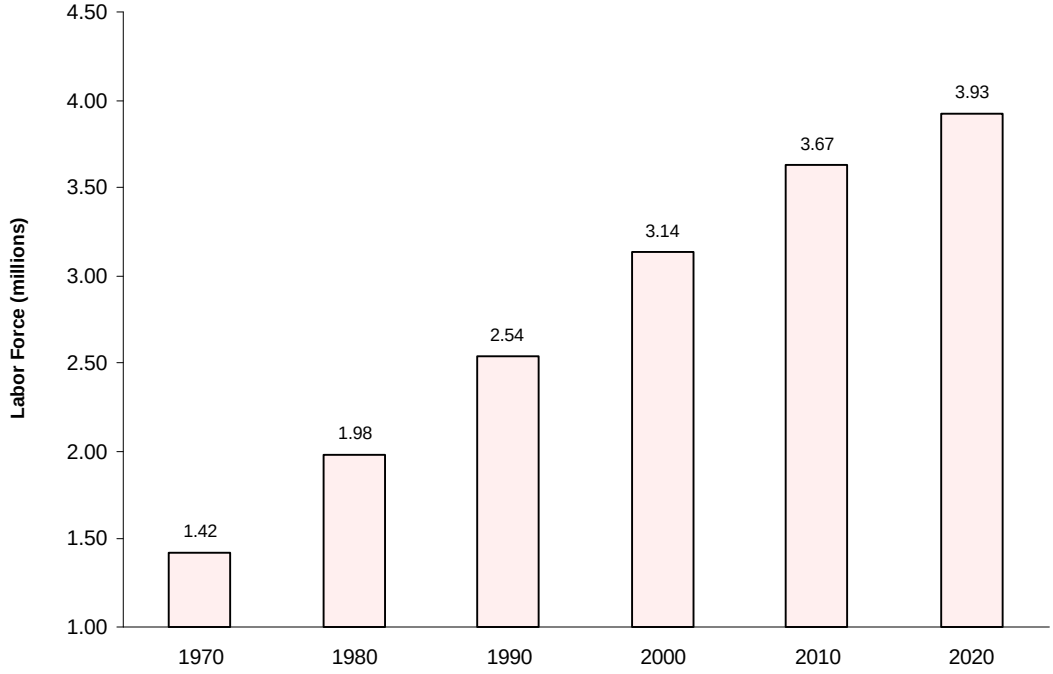
CHAPTER 2

Long-Term Forecast of the Washington Labor Force

BETWEEN 1970 AND 1995, total labor force* in Washington nearly doubled from 1.42 million to 2.82 million. The state is expected to gain an additional 1.11 million workers in the following 25 years and, by the year 2020, have a workforce of 3.93 million. The forecast represents a 1.3 percent average annual growth rate for the state labor force from 1995 to 2020, only half the pace of the 2.8 percent annual growth during the 1970-95 period. The slowdown in labor force growth is due to the aging of the population and to a general slowdown in state population growth.

In the first half of the 1990s, labor force in the state grew 2.2 percent per year. The growth then accelerated to a 2.5 percent annual rate in the 1995-98 period. The forecast for the next three years, from 1998 to 2000, calls for a slowdown of annual growth to 1.6 percent.

Figure 2-1
Washington Labor Force Growth



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*As used in this report, the term "labor force" refers to the *civilian non-institutional labor force*, which is composed of individuals age 16 or over who are currently employed (either part-time or full-time) or who are actively seeking employment. Individuals who are in nursing homes, prison, or the military (referred to as the institutional population) are not considered to be either in the civilian labor force or part of the base population from which the labor force is drawn. Other individuals who are not in the civilian labor force are those who are not employed *and* not seeking employment. Common reasons for not being in the labor force include retirement, ill health or injury, attending school, or doing housework at home.

Beyond the year 2000, Washington's labor force growth will decelerate. The state's workforce is expected to increase at a 1.5 percent annual rate from 2000 to 2010 after which the annual growth rate will decline considerably to 0.8 percent from 2010 to 2020.

The slowdown in labor force growth is a national phenomenon related to the aging of the population. Since labor is a critical factor of production, the slowdown in labor force growth will dampen the growth of the economy. This is a particularly important concern since, after 2010, the baby boom generation will start entering retirement en masse and drawing Social Security and Medicare benefits. The quickly growing retiree and elderly population will have to be supported by a labor force that increases relatively slowly. Besides the ongoing Social Security reform efforts, it is expected that future productivity increases will accelerate to offset the drag exerted by the slowing labor force growth.

The most demanded labor skills in the future will be those required by growth industries such as information processing and telecommunications, automated tools and equipment, and knowledge-based businesses. In addition, as the economy becomes more dynamic, future labor market participants need to be able to promptly adapt to the quick-changing work environment. And, as firms constantly restructure to improve operating efficiency and market competitiveness, future workers should anticipate job changes many times in their careers.

In the future, there will also be expanding demand for local services that produce job opportunities for low- or moderate-skilled workers. These local services are much less susceptible to the competition of foreign imports and will be stimulated by the increasing number of multi-earner households and the aging of the baby boomers.

The future labor force will be more diversified. In 2020, non-white workers will account for 14.7 percent of total labor force in Washington, compared to the 8.5 percent share in 1990. By 2020, 8.4 percent of the state's workforce will be Hispanic, more than double the 3.7 percent level in 1990. In addition, from 1998 to 2020, female labor force in the state will increase 30.6 percent, compared with the 28.2 percent growth for male workers.

The size and composition of Washington's labor force is affected by three major factors:

(1) Natural population changes (aging, births, and deaths).

(2) Net-migration (the difference between persons entering and leaving the state).

(3) Labor force participation rates (the proportion of persons 16 years of age and older who are employed or seeking employment).

The following sections explore the future changes of these factors and their implications in shaping the state's workforce.

Population Change and Labor Force Growth

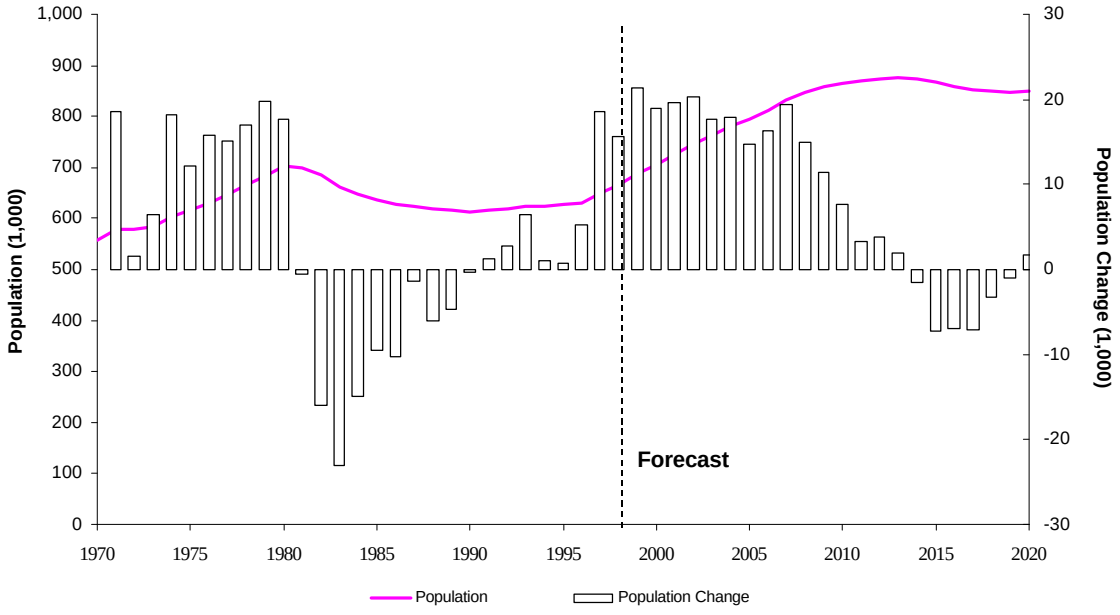
As discussed in Chapter 1, population growth in the state directly contributes to its labor pool. From 1970 to 1995, the number of persons 16 years old and over grew at an annual rate of 2.2 percent in Washington, significantly higher than the 1.4 percent annual rate for the nation. As a result, the state's labor force grew 2.8 percent per year between 1970 and 1995, far outpacing the 1.9 percent average growth rate for the U.S. during the same period.

Population growth in the state is expected to slow to 1.3 percent per year between 1995 and 2020, during which time a similar growth rate is projected for the Washington labor force. The forecasted growth for the state's labor force is still much higher than the projected 0.8 percent annual increase for the nation as a whole.

People in the 16 to 24 age group account for a majority of new labor market entrants. In Washington State, slow growth of the youth population in the 1980s and early 1990s will lead to a slowdown in the addition of new workers to the state's labor pool in the near term. The state's population in this age cohort actually declined throughout the decade of the 1980s (Figure 2-2), due to lower birth rates beginning in the mid-1960s. Consequently, this age group accounted for only 16.6 percent of the state labor force in 1990, far less than the 35.0 percent share in 1980.

Starting in the early 1990s, the 16-24 population began to grow again, although very slowly. Population growth in this age group is projected to accelerate in the second half of the 1990s and, by the turn of the century, approach the high growth rates reached in the 1970s. After the year 2010, growth of this age group in the state will once again slow down.

Figure 2-2
Population Estimates and Forecasts for Ages 16-24



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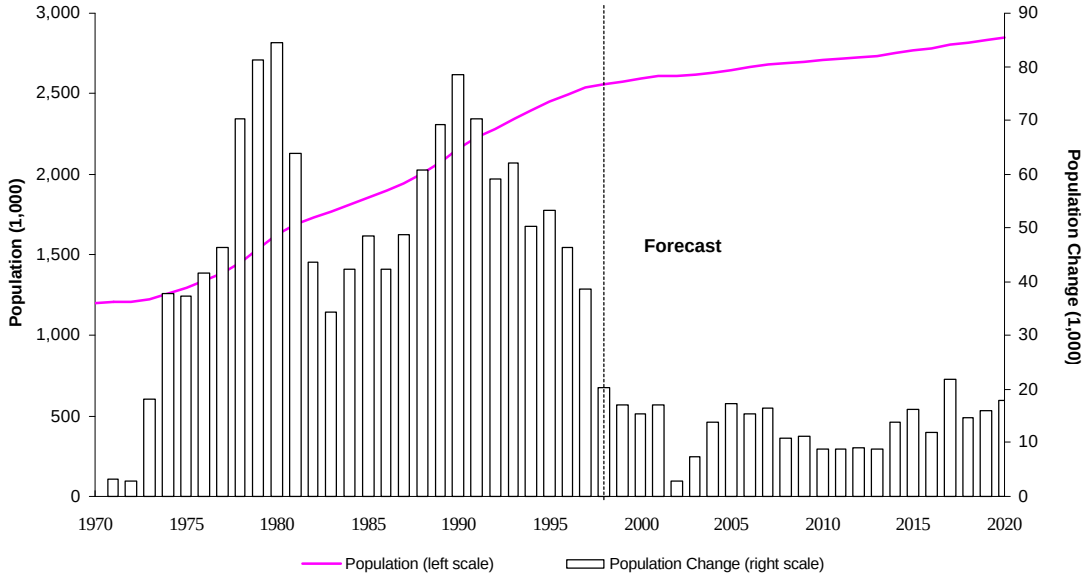
Shifting age structure is a major factor leading to the anticipated slowdown in the growth of the Washington labor force. In the next two decades, a large portion of the projected population growth will occur in the age groups with low labor force participation rates, thus depressing total labor force participation and workforce growth. The state's 25 to 54 year old population, the most active labor force participants, grew an average of 2.9 percent, or 50,000 persons, per year between 1970 and 1995. In contrast, population growth in this age group will drop substantially to an annual average of 15,900 persons in the following 25 years.

The forecast shows that the annual growth rate of the 25 to 54 age group in the state will decline to about 1.1 percent in the second half of the 1990s. For the two decades after 2000, the annual growth rate is expected to drop further to 0.5 percent, far below the growth rates of 2.9 percent and 2.6 percent per year in the 1980s and the first half of the 1990s, respectively (Figure 2-3).

Figure 2-3
Population Estimates and Forecasts for Ages 25-54



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Migration

Migration affects the labor force in two ways: first, it is an important contributor to population change, and thus labor force growth; second, most of the migrants are young workers with a long-term attachment to the labor force. In the past 25 years, net migration in the state averaged 48,200 per year, accounting for about 60 percent of state population growth. Over the forecast horizon, net migration is expected to remain at a level close to the historical average, due mainly to continued strength of the state's total manufacturing and other traded sector jobs:

- Manufacturing employment in Washington is projected to grow at a faster rate than in the U.S. Manufacturing jobs offer above-average wages and support a variety of other jobs in the

economy. Strength in the state's manufacturing sector will help stimulate the demand for labor and thus labor-related in-migration.

- Business services will continue to grow at a quick pace, although not at the same rapid rate as in the 1980s. Portions of the fast-growing business services industries recruit from national or international labor pools; thus, their growth is expected to attract labor from outside the state.
- The forecast calls for a higher growth of traded sector employment in Washington than in California in the next 25 years. Historically, the largest interstate migration flow into Washington has come from California. The predicted strong growth of the traded sector industries in Washington suggests that the state economy will continue to attract a large number of California migrants.
- There has been an increasing number of migrants over age 65 to Washington. Migration decisions of senior citizens are mainly determined by quality of life, amenities, and services available at the destination places. Senior migrants affect the state labor market differently than job-related migrants. On one hand, they are not competing for job opportunities; on the other hand, their assets and incomes contribute to the local economy and the demand for labor. Senior citizens are heavy users of the public and private services, thus stimulating employment growth in these sectors. Nationwide, the proportion of the population that is retired or over age 65 is expected to increase significantly throughout the forecast period, suggesting that a growing portion of in-migrants will be retired or over age 65. Continuing its historical trend, Washington State is expected to be a net receiver of the elderly migration flow in the future.

As a result of the aforementioned economic and non-economic forces, net-migration between 1995 and 2020 is expected to total 1.15 million persons, averaging about 46,000 per year, slightly below the 48,200 annual average of the past 25 years.

Changes in Labor Force Participation

Labor force participation rates in Washington State historically have been higher than the national average, due in large part to a higher concentration of young people who are active labor force participants. From 1970 to 1995, the state's aggregate labor force participation rate increased from 61.5 percent to 70.1 percent. During this period, the male labor force participation rate gradually declined, while the female labor force participation rate rose considerably. By 2020, the labor force participation rate in the state is projected to decline to 68.1 percent. Most of the drop will take place in the last decade of the forecast period.

The projected decline in labor force participation is due mainly to changes in age composition of the future population. Basically, for both males and females, labor force participation is highest between the ages of 20 and 54; it is somewhat lower for ages 16 to 19 and ages 55 to 64; and it is very low for persons age 65 and over. Population growth that occurs in age groups with low labor force participation (e.g., age 65 and over) will not increase the labor force as much as the growth in the high-participation age groups (e.g., age 35 to 44). The changing age structure over

time is a major factor leading to the lowering of aggregate labor force participation rate between 2010 and 2020.

From 2010 to 2020, the proportion of the state population in the older age groups will increase substantially. The elderly population (age 65+) as a share of the total state population will increase from 12.2 percent in 2010 to 16.2 percent in 2020. This has a dampening effect on labor force growth since the elderly have much lower labor force participation rates. If the year 2020 population is assumed to have the same age structure as in 2010, the aggregate labor force participation rate for that year would be 71.0 percent, rather than the projected 68.1 percent. In other words, aging of the population alone will depress the state labor force participation rate by about 3 percentage points.

Table 2-1 shows a comparison of the 1990 Washington labor force and labor force participation rates by age and sex, with the corresponding forecast for 2020.

Table 2-1
Washington Labor Force by Age and Sex, 1990 and 2020

	Labor Force				Labor Force Participation Rate		
			1990-2020				1990-2020
Age	1990	2020	Net Additions	Percent Change	1990	2020	Percentage Pt. Difference
All							
16-24	420,822	577,931	157,108	37.3%	71.8%	70.5%	-1.2
25-54	1,845,210	2,545,210	699,995	37.9%	86.8%	90.9%	4.1
55-64	213,950	645,135	431,184	201.5%	56.4%	65.8%	9.4
65+	57,472	158,445	100,980	175.7%	10.6%	13.6%	3.0
Total	2,537,454	3,926,721	1,389,267	54.8%	69.8%	68.1%	-1.7
Male							
16-24	214,183	294,399	80,215	37.5%	73.5%	71.9%	-1.6
25-54	1,005,586	1,352,244	346,653	34.5%	95.5%	96.1%	0.5
55-64	124,443	351,206	226,762	182.2%	67.6%	72.5%	4.9
65+	33,840	101,601	67,767	200.3%	14.5%	18.9%	4.4
Total Male	1,378,053	2,099,450	721,397	52.3%	78.2%	74.0%	-4.3
Female							
16-24	206,638	283,532	76,893	37.2%	70.0%	69.2%	-0.9
25-54	839,624	1,192,967	353,343	42.1%	78.2%	85.7%	7.5
55-64	89,507	293,929	204,422	228.4%	45.9%	59.4%	13.5
65+	23,632	56,844	33,213	140.5%	7.6%	9.0%	1.4
Total Female	1,159,402	1,827,272	667,871	57.6%	61.8%	62.4%	0.6

Male Labor Force Participation

The total male labor force participation rate has declined slightly in the past two decades, due primarily to early retirements. Improved retirement options have led to a decline in the labor force participation rates of older men. Public and private pension systems and social insurance programs (Social Security, Medicare, and employer-provided health insurance), as well as increases in the wealth and asset incomes of senior citizens, have been the contributing factors for choosing early retirement. Nationally, the labor force participation rate of males age 55 to 64 years old dropped from 83.0 percent in 1970 to 64.9 percent in 1995.

However, the labor force participation rate of those over age 55 is expected to level off and rise slightly over the forecast period. Many people over age 55, especially those in the 56 to 64 age group, will choose to work longer because they lack the economic resources necessary to maintain a desired lifestyle. This is especially the case considering possible retrenchments in Social Security and Medicare benefits. A longer life expectancy also contributes to the need to extend working years. These assumptions have been taken into account in the present labor force forecasts for the state. The state labor force participation rate of males between 55 and 64 years of age is projected to rise from 67.6 percent in 1990 to 70.3 percent by 2000. After 2000, the changing racial mix of the labor force — i.e. a higher proportion of the male population will be nonwhites with lower labor market attachment – has some negative effect on the male labor force participation rate (Figures 2-4a and 2-4b).

Figure 2-4a
Washington Male Labor Force Participation Rates for Ages 16-64

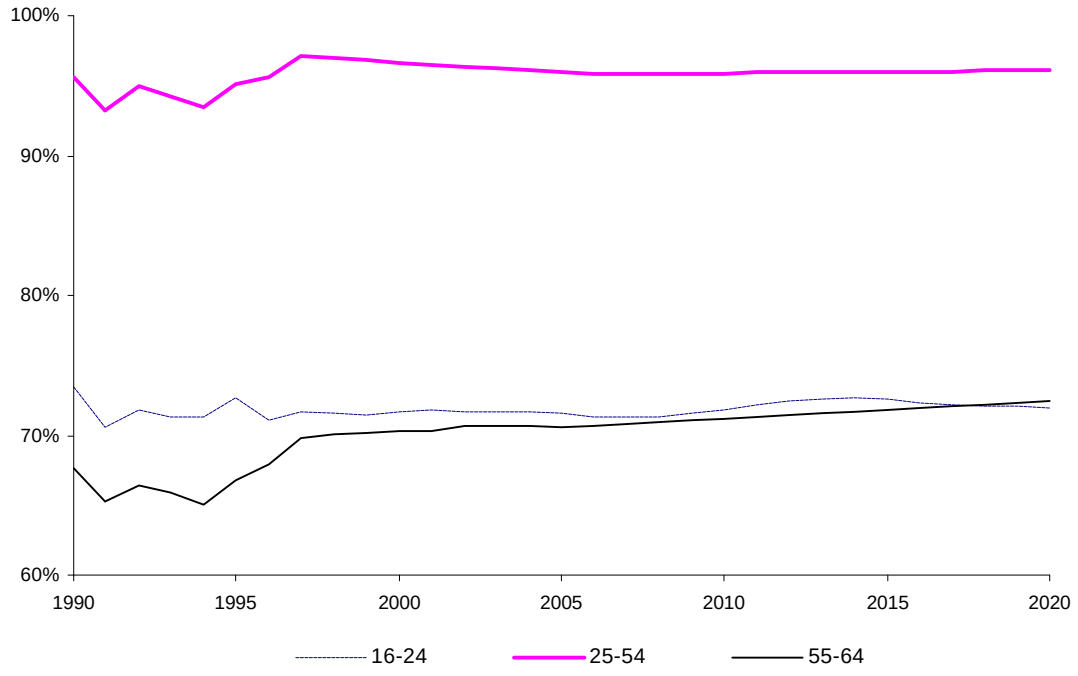

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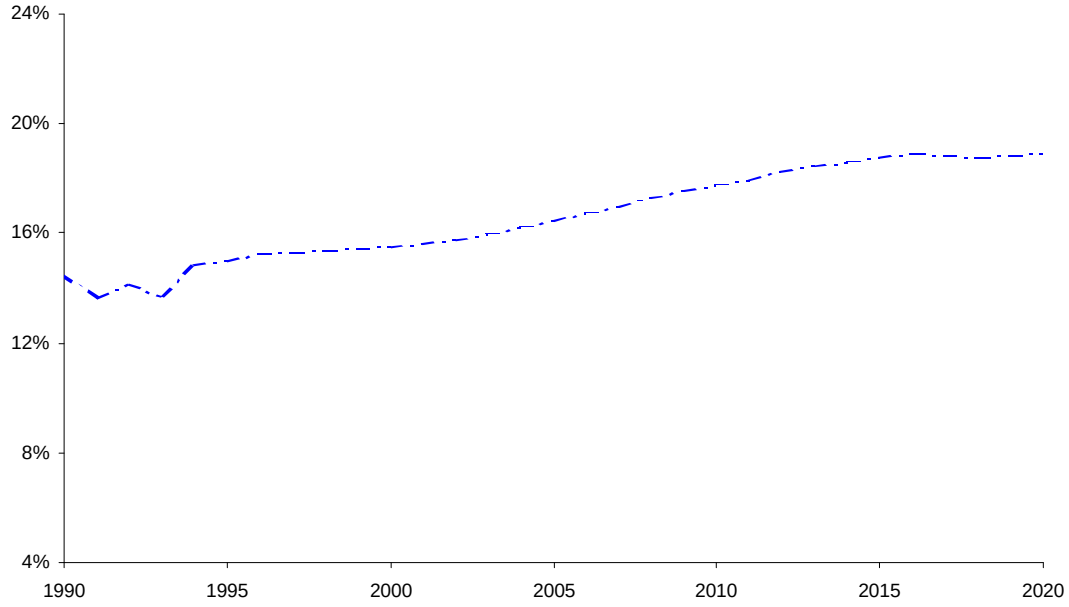
Figure 2-4b
Washington Male Labor Force Participation Rates (Age 65+)



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Educational attainment is another important reason why an increase in the labor force participation rate of those over age 65 is anticipated. Table 2-2 shows that education achievement is a very significant factor in determining the working status of the elderly. Since people in the 35 to 39 age group in 1990 are three decades removed from the 65 to 69 age cohort in 2020, their educational profile provides a close approximation to the educational achievement of those age 65 to 69 in 2020. Table 2-2 shows that in the future elderly people will have much higher educational levels than those in the same age group in 1990, suggesting a higher labor force participation rate

Table 2-2
Elderly Labor Force Participation and Education: Washington, 1990

Schooling Completed	Age 65-69 Labor Force Participation Rate	Share of Age 65-69 Population	Share of Age 35-39 Population
1-9 grades	11.1%	11.9%	3.1%
10-12 grades	14.0%	13.4%	5.1%
High school graduate	16.4%	34.2%	23.7%
Some college/Associate	22.5%	24.7%	39.6%
BA and higher	27.4%	15.7%	28.5%
Total	18.7%	100.0%	100.0%

Source: 1990 Census PUMS data file.

Higher educational levels make it easier for older persons to stay in the labor force. Well-educated persons are more likely to qualify for white-collar jobs that have less demand for physical strength, better compensation, and more flexible work schedules. At the same time, business cycles also exert significant influence on labor force participation behavior. The male labor force participation rate was affected more than the female rate by the 1990-91 national recession. The downsizing and cost-cutting operations in many large corporations in the early 1990s caused some people to drop out of the labor market entirely and discouraged others from entering the labor market.

Overall, the male labor force participation rates are expected to be 1 percent to 2 percent lower in 2020 than in 1990 for all age groups under 55 years old. The anticipated declines, however, will not be as steep as those experienced since 1970.

Female Labor Force Participation

One of the most significant labor market phenomena in the twentieth century is the increase of women in the workforce. Nationwide, the female labor force participation rate increased from 33.8 percent in 1950 to 57.5 percent in 1990, then reached 59.8 percent in 1997. As a result, the gap between male and female labor force participation rates has narrowed substantially over the past four decades. In 1950, the male labor force participation rate was 53 percentage points above the female rate; by 1997, the gap shrank to 15 percentage points.

Key factors contributing to the trend of rising female labor force participation include increasing levels of education, decisions to delay marriage and childbearing, changing gender roles, availability of market substitutes for housework, and changing technologies that reduce the level of physical labor. Declining real wages through the past three decades also have been a factor; in many households, a second income was needed when the real earnings from the male householder were reduced.

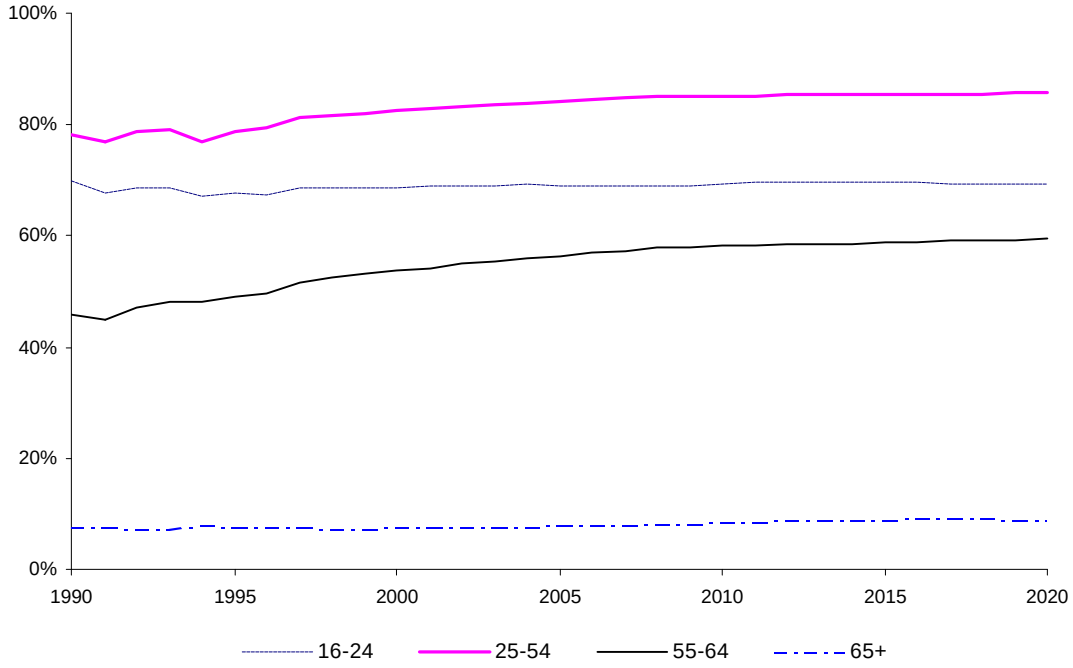
The shift in female roles from an emphasis on home-making to paid jobs outside the home will continue to bring more women into the labor market. Continuing progress in obtaining formal education certainly is going to increase female participation in the labor market. Economic pressures will also continue to drive women into the workforce, especially for families with single mothers.

Indeed, the general orientation toward work and overall attachment to the labor force are already roughly comparable for younger men and women. Furthermore, as the demographic forces result in slower labor force growth in the next few decades, employers will increasingly look to women as an important source of labor.

On the other hand, although the long-term trend of rising female participation in the labor force is expected to continue, the rate of increase will be slower than in the past. Actually, the pace of increase in female labor force participation began to slow considerably in the mid-1980s as the female rates approached those of males. Gender differences still persist between men and women in terms of perceived parenting and family responsibilities. Numerous studies have found that

women still bear a disproportionate share of childrearing and housework responsibilities in most families. As a result, women will still experience more frequent and longer spells of time away from work than men. This means that female labor force participation is not likely to reach the male rates in the near future. All these considerations are incorporated in the forecast of female labor force participation rates (Figure 2-5).

Figure 2-5
Washington Female Labor Force Participation Rates



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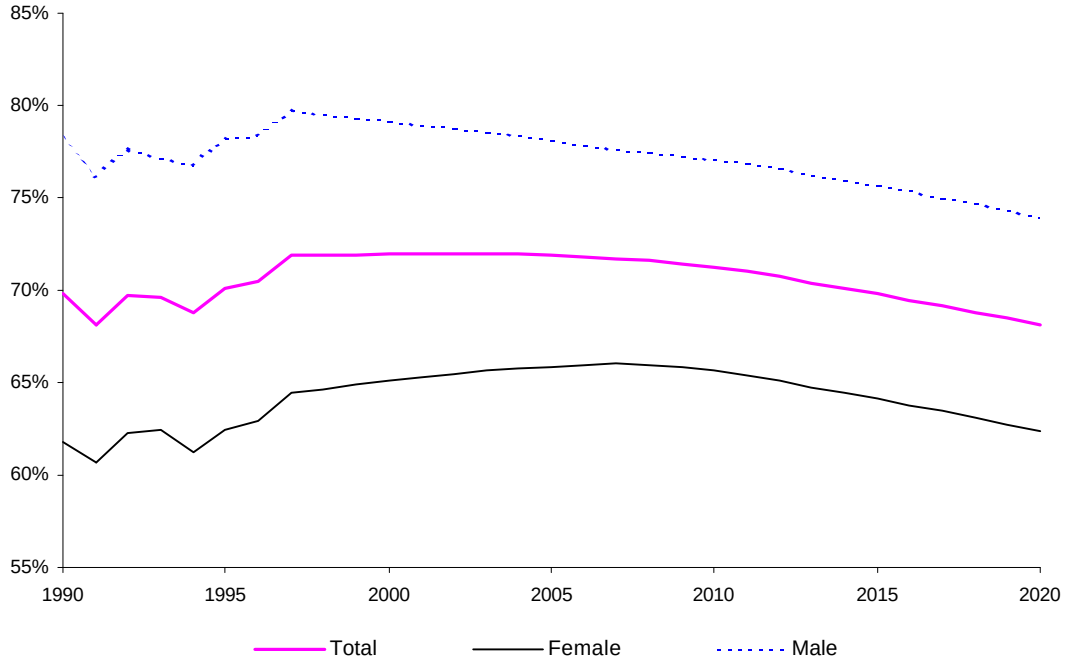
In summary, the trend of rising female labor force participation will continue, although at a slower pace than in the previous three decades. In Washington State, the overall participation rate of women in the workforce is expected to increase from 61.8 percent in 1990 to 65.6 percent in 2010; then, as a large proportion of the population moves into the age groups with low labor attachment, the rate will decline to 62.4 percent by the year 2020.

The net result from the changes in the male and the female labor force participation rates in the state is a slight increase from 70.1 percent in 1995 to 71.9 percent in 2005, and then a gradual decline to 68.1 percent by 2020.

Figure 2-6
Forecast of Washington Labor Force Participation Rate by Sex



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Forecast of Total Labor Force

The projected changes in labor force participation rates, net migration, natural population change, and aging of the population will result in a downward trend for the state's labor force growth. Between 1990 and 2000, the Washington labor force is expected to grow by 22.6 percent, representing an average annual growth rate of 2.2 percent. This rate is significantly lower than the 3.0 percent growth per year experienced in the previous two decades. In the decade from 2000 to 2010, the state's labor force growth will slow to 1.6 percent per year, or 16.8 percent total growth for the decade. Looking further into the future, the state's labor force growth is expected to significantly decelerate between 2010 and 2020 as the Baby Boom generation reaches retirement age, growing 8.1 percent for the decade, or at an annual rate of 0.8 percent (Table 2-3).

While the Washington labor force will increase at a relatively slow pace over the next 25 years, the growth of the U.S. labor force is expected to be even slower. The major reason for the difference between Washington and U.S. labor force growth is population growth. For example, between 1995 and 2000, Washington's non-institutional population 16 years old and over is forecasted to grow at an annual average rate of 1.5 percent, while the comparable population group for the nation is projected to increase only 1.0 percent per year. The difference is mainly attributed to the state's continuing ability to attract migrants.

Table 2-3
Labor Force Change

Decade	Changes in Labor Force		
	Number (1,000s)	Percent Change (%)	Average Annual Growth (%)
1950-1960	149.8	15.9	5.5
1960-1970	320.1	29.4	2.6
1970-1980	567.5	40.0	3.4
1980-1990	552.9	27.9	2.5
Forecast			
1990-2000	596.2	23.5	2.1
2000-2010	499.4	15.9	1.6
2010-2020	293.7	8.1	0.8

Washington labor force participation rates historically have been slightly above national rates, a tendency which is expected to continue. Table 2-4 provides actual labor force data for Washington between 1970 and 1990, estimates of labor force and labor force participation rates for 1991-95, and forecasts through 2020.

The Changing Profile: Aging, Female, and Non-White Workforce

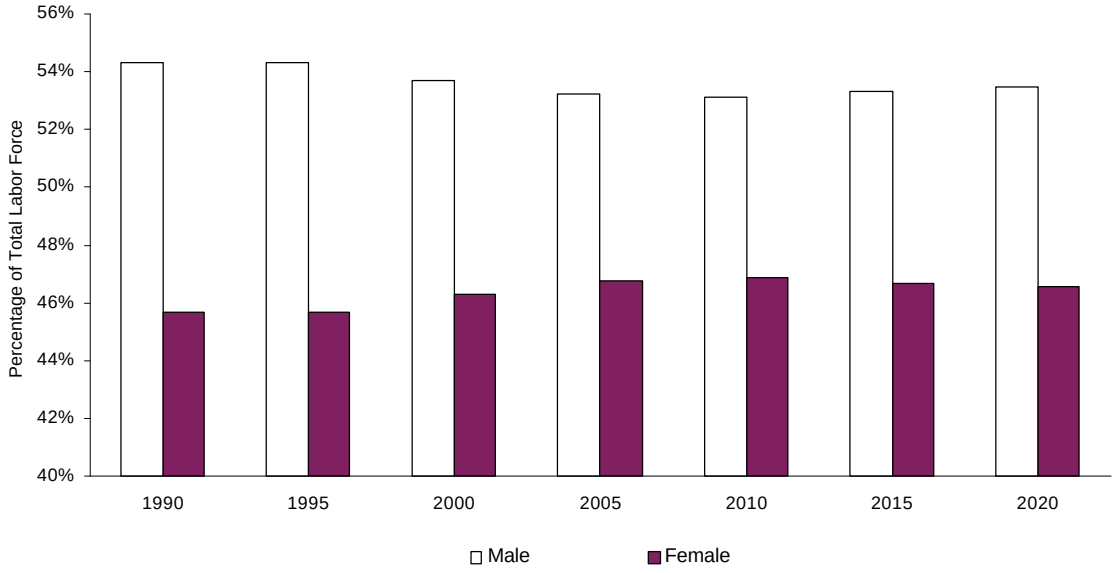
Changes in labor force participation, combined with demographic changes (births, deaths, aging, and migration), will alter the profile of the Washington labor force. The forecast shows that the state workforce will be more and more diversified in terms of age composition, sex, and racial mixes. These trends parallel those projected for the nation's workforce.

Higher Proportion of Women in the Labor Force

Over the forecast period, the slow but steady increases in labor force participation by women, combined with the small overall decline in male labor force participation, will increase the female share of the total labor force. In 1990, women represented 45.7 percent of the labor force; by 2020 their share will rise to 46.5 percent (Figure 2-7). Women will comprise slightly under half (48 percent) of "net additions" to the labor force between 1990 and 2020. "Net additions" is the difference between new entrants to the labor force and those who leave the labor force.

The increasing importance of women as a source of labor will motivate employers to provide benefit programs that accommodate the needs of female workers. Some desirable employee benefits may include on-site child care, flexible work schedules, order and delivery of household goods such as groceries, dry cleaning of clothes, etc. For employers, these work-life benefit programs will be critical to their ability to attract qualified employees, and to raising the productivity of their female workers.

Figure 2-7
Forecast of Washington Labor Force Distribution by Sex



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Aging of Labor Force

Between 1990 and 2020, the number of Washington workers over 55 years old will increase by about 196 percent, while those aged 16 to 54 will increase by only 38 percent. Consequently, the age profile of the state labor force in 2020 will be very different from that in 1990 (Figure 2-8). Older persons (55 years old and over) in the labor force are projected to represent about 20.5 percent of all workers in 2020, almost doubling the 10.7 percent share in 1990.

As part of the aging process, the workforce will go through an interim "middle-aging" phase. Around the year 2000, middle-aged workers — those 35 to 54 years old — will constitute over one half of the labor force. A by-product of the middle-aging of the labor force is generational crowding or "mid-career crunch." The sharp rise of workers in the 35 to 54 age cohort will lead to an abundant supply of qualified persons for mid-career promotional opportunities. And, in the later periods of the forecast horizon, continued staying of top-level, older workers may cause resentment of middle-age employees looking for career advancements. One likely result may be increasing job or career changes in the future years.

Table 2-4
Washington Labor Force: Historical and Forecast

		Civilian Non-Institutional Population			Labor Force			Labor Force Participation Rate		
Year	Total Population	Total 16 & Over	Male 16 & Over	Female 16 & Over	Total	Male	Female	Total	Male	Female
1970	3,413,200	2,303,700	1,101,000	1,202,700	1,417,100	na	na	61.5	na	na
1971	3,436,300	2,332,800	1,116,700	1,216,100	1,401,100	na	na	60.1	na	na
1972	3,430,300	2,365,600	1,136,400	1,229,300	1,433,600	na	na	60.6	na	na
1973	3,444,300	2,410,500	1,157,600	1,252,900	1,483,800	na	na	61.6	na	na
1974	3,508,700	2,476,800	1,189,400	1,287,400	1,528,700	na	na	61.7	na	na
1975	3,567,900	2,541,700	1,222,600	1,319,100	1,562,200	942,200	620,000	61.5	77.1	47.0
1976	3,634,900	2,617,300	1,259,700	1,357,600	1,621,400	966,100	655,300	61.9	76.7	48.3
1977	3,715,400	2,706,200	1,304,300	1,401,900	1,692,300	1,003,500	688,900	62.5	76.9	49.1
1978	3,836,200	2,821,100	1,363,500	1,457,600	1,807,800	1,067,000	740,800	64.1	78.3	50.8
1979	3,979,200	2,946,900	1,426,700	1,520,200	1,935,800	1,140,800	795,000	65.7	80.0	52.3
1980	4,132,200	3,061,000	1,479,700	1,581,200	1,984,600	1,157,200	827,400	64.8	78.2	52.3
1981	4,229,300	3,128,100	1,511,000	1,617,100	1,996,800	1,158,300	838,500	63.8	76.7	51.9
1982	4,276,500	3,166,500	1,530,300	1,636,100	2,024,500	1,160,700	863,700	63.9	75.8	52.8
1983	4,307,200	3,193,200	1,541,600	1,651,600	2,068,400	1,174,300	894,100	64.8	76.2	54.1
1984	4,354,100	3,234,100	1,561,100	1,672,900	2,050,400	1,169,300	881,100	63.4	74.9	52.7
1985	4,415,800	3,282,600	1,584,800	1,697,900	2,090,400	1,181,800	908,600	63.7	74.6	53.5
1986	4,462,200	3,330,300	1,608,900	1,721,400	2,198,500	1,220,700	977,800	66.0	75.9	56.8
1987	4,527,100	3,388,600	1,637,100	1,751,500	2,257,500	1,234,400	1,023,200	66.6	75.4	58.4
1988	4,616,900	3,454,300	1,667,800	1,786,500	2,315,800	1,247,100	1,068,700	67.0	74.8	59.8
1989	4,728,100	3,537,000	1,708,400	1,828,600	2,450,900	1,305,200	1,115,400	69.3	79.4	59.9
1990	4,866,700	3,636,200	1,761,300	1,874,900	2,537,500	1,378,100	1,159,400	69.8	78.2	61.8
1991	5,000,400	3,719,400	1,803,200	1,916,200	2,535,100	1,372,500	1,162,600	68.2	76.1	60.7
1992	5,116,700	3,798,500	1,844,000	1,954,500	2,648,200	1,431,500	1,216,600	69.7	77.6	62.2
1993	5,240,900	3,880,900	1,887,100	1,993,800	2,701,200	1,456,000	1,245,300	69.6	77.2	62.5
1994	5,334,400	3,947,900	1,920,800	2,027,100	2,716,600	1,475,400	1,241,200	68.8	76.8	61.2
1995	5,429,900	4,017,500	1,955,700	2,061,800	2,817,300	1,530,200	1,287,100	70.1	78.2	62.4
Forecast										
2000	5,827,000	4,353,600	2,125,300	2,228,300	3,133,700	1,682,800	1,450,900	72.0	79.2	65.1
2005	6,200,400	4,710,700	2,306,600	2,404,200	3,385,500	1,801,800	1,583,700	71.9	78.1	65.9
2010	6,618,500	5,100,000	2,504,100	2,596,000	3,633,000	1,929,200	1,703,800	71.2	77.0	65.6
2015	7,056,900	5,443,800	2,677,300	2,766,500	3,800,000	2,026,100	1,773,900	69.8	75.7	64.1
2020	7,498,400	5,767,000	2,838,400	2,928,600	3,926,700	2,099,400	1,827,300	68.1	74.0	62.4

Notes:

Total population is based on the November 1998 official Office of Financial Management population estimates and forecasts.

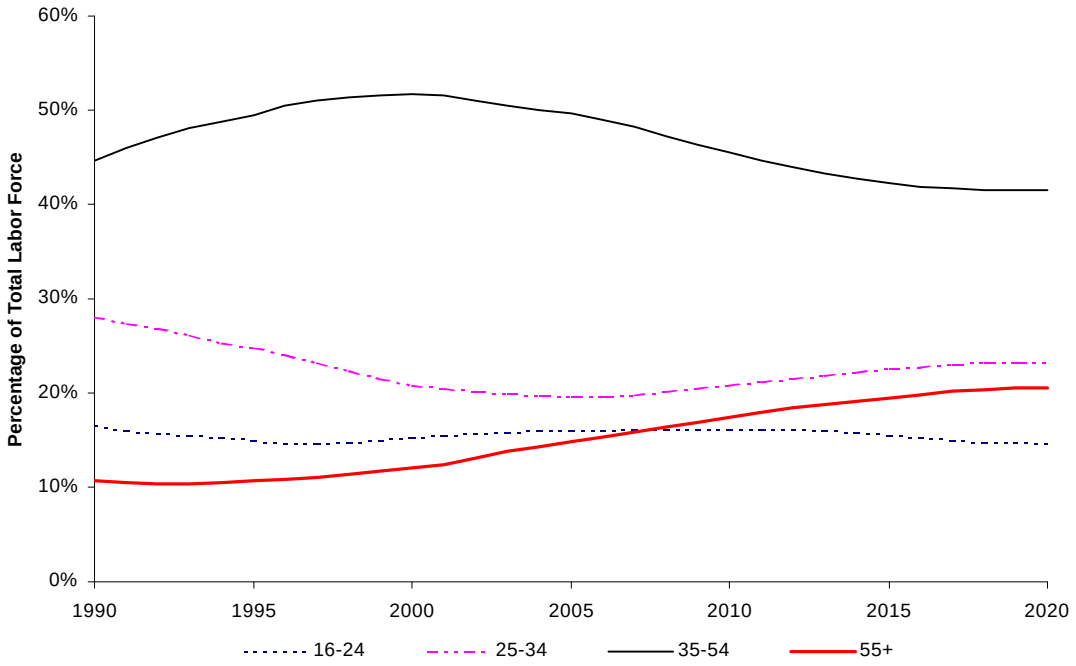
Total population estimates and forecasts are for April 1 of each year.

Estimates and forecasts of civilian non-institutional population, labor force, and labor force participation rate are based on the "annual average" concept.

Projection of the civilian non-institutional population is based on 1990 proportion of the male and female Washington population participating in the military or residing in prisons, nursing homes, and other institutions.

Labor force participation rates represent the proportion of the civilian non-institutional population that is employed or unemployed based on federal Bureau of Labor Statistics definitions.

Figure 2-8
Age Profile of Washington Labor Force



OFFICE OF FINANCIAL MANAGEMENT, Forecasting Division
EMPLOYMENT SECURITY DEPARTMENT, Labor Market and Economic Analysis Branch **APRIL 1999**

The repercussions of the “middle-aging” phenomenon may be further exacerbated by the prevailing practices of “delayering” management structure and aggressive cost cutting in corporate America, as many large firms seek to become more competitive in the global economy. This is similar to what happened in the first half of the 1990s, when the flattening or compressing of management structures eliminated large numbers of mid-management positions. Many of these dislocated managers were unable to find employment with compensation comparable to their previous jobs.

The elderly workforce is also characterized by a high proportion of part-time and temporary working arrangements. Today, a lot of workers age 65 and over have part-time jobs, and few of them want to switch to full-time employment. Also, a majority of the elderly workers perceive their current working as temporary, indicating their readiness to change jobs or exit the labor market (for retirement).

The aging of the workforce will present unique challenges to employers. Businesses will need management and personnel practices that can effectively accommodate older employees. Among the challenges will be: (a) establishing new reward and incentive structures as traditional hierarchical promotional opportunities decline; (b) facilitating career or job changes for “squeezed” middle-age or "topped-out" older employees; (c) planning and implementing human resource management to accommodate less predictable retirement age and exits/re-entries of elderly workers; (d) meeting varied demand for employee benefits, e.g. the elderly workers’

preference for long-term care; (e) dealing with increased pressures on retirement systems; and (f) making work more versatile and challenging.

Non-White and Hispanic Workforce

Along with the expected increase of older workers and women in the labor force, non-whites will constitute an increasing share of the Washington labor force in the coming decades. Labor force growth rates for African Americans, Asian Americans, and other non-whites are expected to be considerably higher than for the white population. From 1990 to 2020, the non-white labor force in Washington is expected to grow at an annual rate of 3.4 percent, compared to the 1.5 percent annual rate for the total labor force. As a result, non-white workers will account for 26.2 percent of the net labor force growth in the state between 1990 and 2020.

The result of higher labor force growth rates for non-whites relative to whites is indicated by the changing racial composition of the state labor force over time. In 1980, 6.2 percent of the Washington labor force was non-white; in 1990, the share increased to 8.5 percent. Non-whites are expected to constitute 11.9 percent of the state's labor force by the year 2000, 13.6 percent in 2010, and 14.7 percent by 2020. Table 2-5 shows the changing racial composition of the state labor force.

The main reason for the increased share of non-whites in the labor force is that the non-white population is expected to grow at a much higher rate than the white population. A second factor is the younger age composition of the non-white population compared to whites. Non-whites are also expected to continue increasing their rate of labor force participation over the next 25 years.

Another important labor trend, in the state and nationwide, is ethnic diversification. Between 1990 and 2020, workers of Hispanic origin in the state will increase by a factor of 3.5 from 94,400 to 335,700. As a result, Hispanics will account for 8.4 percent of the Washington labor force by 2020, more than double the share of 3.7 percent in 1990.

Table 2-5
Labor Force Composition by Race: Washington

Year	Total Labor Force (1000s)	Percent of Total Labor Force				
		White	African American	Asian & Other	Total Non-White	Hispanic
1990	2537.5	91.5%	2.7%	5.7%	8.5%	3.7%
1995	2817.3	89.3%	3.1%	7.6%	10.7%	4.9%
2000	3133.7	88.1%	3.3%	8.6%	11.9%	5.8%
2005	3385.5	87.0%	3.5%	9.5%	13.0%	6.5%
2010	3633.0	86.4%	3.6%	9.9%	13.6%	7.2%
2015	3800.0	85.8%	3.7%	10.4%	14.2%	7.8%
2020	3926.7	85.3%	3.8%	10.9%	14.7%	8.4%

The trend toward racial and ethnic diversification poses a critical issue in the effort to elevate worker skills in the future. Today, black workers of every age cohort have an average education

level far below their white counterparts. The gap has been narrowing, but at a slow pace. The gap for Hispanic workers is even greater. In 1990, 56.7 percent of the Washington Hispanic population 25 years of age or older completed high school or equivalency, compared to the 85.0 percent rate for the non-Hispanic persons in the same age group. As future economic growth relies more and more on productivity improvement, raising the education level of these fast-growing racial and ethnic minorities becomes a major policy concern.

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2005	3385.5	87.0%	3.5%	9.5%	13.0%	6.5%
2010	3633.0	86.4%	3.6%	9.9%	13.6%	7.2%
2015	3800.0	85.8%	3.7%	10.4%	14.2%	7.8%
2020	3926.7	85.3%	3.8%	10.9%	14.7%	8.4%